GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:1111
ANSWERED ON:24.11.2000
ADMINISTRATIVE COST OF PDS
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) the quantum of administrative cost incurred on Public Distribution System annually;

(b) whether the Government have any proposal to streamline the system by reducing the number of Government agencies involved therein and thereby reducing financial burden of the consumers; and

(c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI CHAUHAN)

(a) PDS is operated under the joint responsibility of the Central and State Governments.The Central Government is responsible for procurement, storage and transportation of PDS commodities up to the central godowns and making them available to the State Governments. The responsibility for distribution to the consumers through Fair Price Shops (FPSs) andadministration of PDSrests with State Governments/UT Administrations.

Information about the quantum of administrative cost incurred on PDS isnot maintained. However, the administrative cost incurred by FCI and administrative cost incurred on procurement operations by State agencies for the last three years are as under:

(Fig. in Rs.crores)

Year	Incurred by FCI	Incurred by State agencies for procurement operation only	Total
1997-98(Prov.)	979	87	1066
1998-99 (Prov.)	1076	107	1183
1999-2000 (RE)	1100	180	1280

(b) & (c) : In view of the huge volume of foodgrains to be procured, procurement operations have to be undertaken by many agencies as the stocks are to be received and accounted for during a short period. It is difficult for one agency alone to cope with the heavy volume of foodgrains procured in Punjab and Haryana etc. Therefore, State agencies have to necessarily incur administrative costs. However, under the de-centralised procurement scheme in some States, the State Government themselves would procure and issue foodgrains within the State and it is expected that administrative charges per quintal of operation will be reduced.
Under the scheme of decentralised procurement of foodgrains West Bengalstarted procurement of rice during kharif marketing season 1997-98 and Madhya Pradesh and Uttar Pradesh started procurement of wheat from therabi marketing season 1999-2000. State Government of Uttar Pradesh has also commenced procurement of paddy / rice under this scheme with effect from the kharif marketing season 1999-2000. The amount of saving in food subsidy, in this regard are given below.

RICE (Rs.per quintal)

State	Year	Economic cost of FCI(Actual)	Economic cost of State Govt.	Subsidy saving (per quintal)
West Bengal	1997-98	939.33	824.35	114.98
	1998-99	974.86	868.40	106.46
	1999-2000	1075.45	946.30	129.15

W H E A T (Rs.per quintal)

State	Year	Economic cost of FCI(Actual) 50kgs. Bag	Economic cost of State Govt. 50 kgs. bag	Subsidy saving
Uttar Pradesh	1999-2000	820.00	779.01	40.99
Madhya Pradesh	1999-2000	820.00	751.91	68.09